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**The Paradox of a Resurgent Russia**

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# **The Paradox of a Resurgent Russia**

**by**

**Amy Katherine Pillsbury-Price**

## **Report**

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## **Abstract**

### **The Paradox of a Resurgent Russia**

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Russia has reemerged on the world stage relentlessly pursuing its global ambitions, despite economic malaise and relative poverty. This paper argues that Russia's resurgence is a direct consequence of American abdication of global leadership. America's retreat from its role as global policeman and standard-setter has fundamentally changed the world order, and a new, increasingly multipolar order is emerging. In this new order, an economically frail, yet geopolitically ambitious Russia can pursue its aspirations of Great Power status.

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## Chapter 1: The Paradox of a Resurgent Russia

Russia presents a paradox on the global stage. By most measures, Russia's rich history as a Great European Power has faded to the distant past. The memory of a superpower Soviet State wanes, and a diminished Russian Federation remains. Today, the Russian economy is stagnant, its people struggle in relative poverty, and demographic trends outline a turbulent future ahead. Internal unrest and strife threaten the state's authoritarian control at every turn. Yet, despite these challenges, Russia exerts outsized geopolitical power, disproportionate to its relatively weak strategic position. In recent years, Mr. Putin's Russia has resurged in global prominence and in its relentless pursuit of national interests, much to the chagrin of the West.

### A SOCIETY UNDER STRESS

The Russian economy faces stagnation and bleak growth prospects. Since the global financial crisis and the 2014 destabilization of global energy markets, Russia's growth has stalled. In 2015 and 2016, GDP contracted by 2.8% and 0.2% respectively, while 2017 showed a slight improvement with meager growth of 1.5% (*Figure 1.1*).<sup>1</sup> 2018 GDP grew by 2.3%.<sup>2</sup> While oil prices have stabilized, they remain depressed relative to all-time highs. Wall Street consensus forecasts Brent crude prices will remain flat around \$68 a barrel in the near-term,<sup>3</sup> presenting a substantial limit to Russia's GDP growth.

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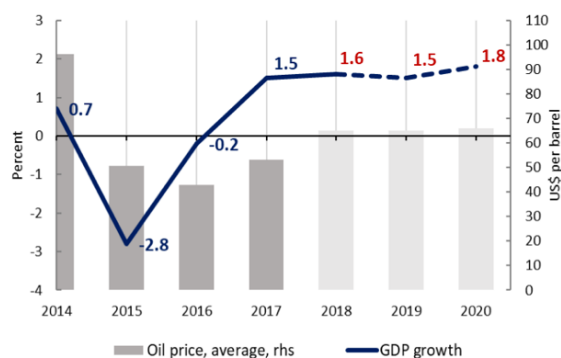
<sup>1</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40), "Russia's Economy: Preserving stability; Doubling growth; Halving poverty – How?"  
<http://www.worldbank.org/en/country/russia/publication/rer>

<sup>2</sup> Nikolskaya, Polina and Gabrielle Tetrault-Farber, "Russia's GDP growth, at six-year high, raises question of durability," *Reuters*, February 12, 2019, accessed May 7, 2019, <https://www.reuters.com/article/us-russia-economy-gdp/russias-gdp-growth-at-six-year-high-raises-question-of-durability-idUSKCN1Q10NO>

<sup>3</sup> Alessi, Christopher, "Banks Lift Oil Price Forecasts for 2019," *The Wall Street Journal*, April 2, 2019, accessed April 15, 2019, <https://www.wsj.com/articles/banks-lift-oil-price-forecasts-for-2019-11554188401>

Further, the Kremlin demonstrates an inability to modernize its economy, and corruption and state-run mismanagement have stifled growth and investment. The Russian people are suffering the consequences. GDP per capita ranks 74<sup>th</sup> worldwide, placing Russia in a class with Malaysia, Latvia, and Panama.<sup>4</sup> Approximately 13.3% of Russians struggle in poverty.<sup>5</sup>

**Figure 1.1 *Russia real GDP growth forecast* <sup>6</sup>**



Source: Rosstat, World Bank.

To compound Russia's woes, the nation is plagued by troubling societal trends and changing demographics. Russia is experiencing a depopulation crisis, stemming from both high mortality rates and low fertility rates. Health conditions are dire as rates of alcoholism, suicide, abortion, and HIV infection have soared.<sup>7</sup> Life expectancy has shrunk to just 71 years.<sup>8</sup> With respect to Russia's low fertility rate, it amounts to 1.61 children per woman,<sup>9</sup> well below the sustainable rate for a population.

<sup>4</sup> *The World Factbook: Russia*, Central Intelligence Agency, 2019, accessed March 1, 2019, <https://www.cia.gov/library/publications/the-world-factbook/geos/rs.html>

<sup>5</sup> Ibid.

<sup>6</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>7</sup> Berman, Ilan, *Implosion: The End of Russia and What it Means for America*, Washington, DC: Regnery Publishing, 2013. Print.

<sup>8</sup> *The World Factbook: Russia*, Central Intelligence Agency.

<sup>9</sup> Ibid.



Moreover, the demographics of the Russian people are changing rapidly as the Slavic majority declines and the Muslim minority grows. Muslims currently comprise approximately 15% of the population,<sup>10</sup> but Kremlin officials and Russian scholars project that Muslims could become the majority as early as 2050.<sup>11 12</sup> This Muslim population faces significant threats from the Russian government as well as the ethnically Slavic majority. The Slavic majority expresses overwhelmingly negative opinions towards Muslims. A leading university study found that nearly 70% of Russians have “negative feelings” towards people of different ethnicities and 20% claim “minorities have no place in Russia.”<sup>13</sup> These demographic changes, coupled with the majority’s troubling attitudes, fuel the probability of social unrest.

## THE PARADOX

Despite the bleak economic reality and vast societal challenges, Mr. Putin’s Russia is experiencing a resurgence on the global stage. The Russian identity is deeply rooted in the belief of Russia’s natural place in the world order as a great imperial power. Mr. Putin has centered his reign on “Derzhavnost,” the idea of Russia reclaiming its destiny as a Great Power.<sup>14</sup> Mr. Putin has successfully characterized himself as the strong man capable of leading Russia back to global greatness. The Russian people overwhelmingly approve of Mr. Putin’s aggressive foreign policy, with the leader’s approval rating soaring during

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<sup>10</sup> “Russian Muslim Leader Calls for Crescent as Part of National Emblem, RIA Novosti, April 15, 2011, <http://en.rian.ru/russia/20110415/163540921.html>

<sup>11</sup> “In Half a Century, Muslims in Russia Could Become the Majority- Russia’s OIC Ambassador,” Interfax (Moscow), October 10, 2007, <http://www.interfax-religion.ru/islam/print.php?act=news&id=20767>.

<sup>12</sup> Hull, Jonah, “Russia Sees Muslim Population Boom,” *Al-Jazeera*, January 13, 2007, <http://english.aljazeera.net/news/europe/2007/01/2008525144630794963.html>

<sup>13</sup> Narizhnaya, Khristina “Russia’s Xenophobia Problem,” *GlobalPost*, April 29, 2012, accessed March 1, 2019, <https://www.pri.org/stories/2012-04-29/russias-xenophobia-problem>

<sup>14</sup> Berman, Ilan, *Implosion*, Pg. 9.

times of aggressive action. His approval ratings jumped after the invasions of Georgia in 2008 and Crimea in 2014 (*Figure 1.2*).<sup>15</sup>

**Figure 1.2 Approval ratings for Russia's Putin, 2007-2018<sup>16</sup>**



While many countries seek prominence, few leaders are able to turn this aspiration into real power as Mr. Putin has. Under his leadership, Russia has become increasingly adventurist in the global arena. Since 2008, the Kremlin expanded its borders annexing territory from Georgia, the Balkans, and Ukraine. It conducted a three-year long cyberwar against the sovereign state of Ukraine. It intervened on behalf of the Syrian dictator Bashar al-Assad in his brutal civil war. And, in perhaps its boldest act of global aggression yet, Russia interfered with the democratic elections of the United States and several European states. Each of these actions violated international laws and is fundamentally antithetical to the Great Powers' interests. Yet, they have been met with muted responses from the West, and Russia continues to pursue its national interest.

<sup>15</sup> Taylor, Adam, "Is there a link between Putin's Approval Rating and aggressive Russian foreign policy?" *The Washington Post*, November 26, 2018, accessed March 1, 2019, [https://www.washingtonpost.com/world/2018/11/26/is-there-link-between-putins-approval-rating-aggressive-russian-foreign-policy/?utm\\_term=.9a9fc24e7c99](https://www.washingtonpost.com/world/2018/11/26/is-there-link-between-putins-approval-rating-aggressive-russian-foreign-policy/?utm_term=.9a9fc24e7c99)

<sup>16</sup> Taylor, Adam, "Is there a link between Putin's Approval Rating and aggressive Russian foreign policy?" *The Washington Post*.

## EXPLANATIONS FOR RUSSIA'S GLOBAL POWER

Traditional schools of thought claim that Russia's outsized ability to exert global power rests on three pillars: its energy resources, nuclear arsenal, and permanent seat on the United Nations Security Council. Much of Russia's power stems from its oil and gas resources. As Janusz Bugajski of the Washington DC-based Center for Strategic and International Studies explains, "Energy is Moscow's primary tool of foreign policy influence and attempted dominance, and the Kremlin has systematically undertaken to become the leading energy superpower in Eurasia"<sup>17</sup> [it has done so] "either by controlling pipelines from Eurasia to Russia and then Europe or by maximizing its control of gas supplies from Russia (including those Central Asian supplies) to Europe."<sup>18</sup> The West and the developing world's dependence on oil and natural gas ensures Russia's power and sustained role on the international stage.

The Kremlin also demands global position through its possession of the world's second largest nuclear arsenal, only narrowly trailing the United States. In 2008, Mr. Putin made military modernization a top priority for his regime and undertook a full nuclear modernization. He invested extensively in development of Russia's rocket and missile capabilities, further reinforcing the deterrent effect of these devastating weapons.

Finally, Russia is able to exert outsized influence through its permanent seat on the UN Security Council. The American-led world order relies on an extensive network of multinational institutions aimed at resolving conflicts peacefully. The UN is chief among these peace-keeping mechanisms. Russia's permanent seat on the Security Council grants priority-setting authority and veto power in global affairs.

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<sup>17</sup> Bugajski, Janus. *Dismantling the West: Russia's Atlantic Agenda*. Lincoln: University of Nebraska Press, 2012. Print.

<sup>18</sup> Blank, Stephen, "Russia's Energy Weapon and European Security," paper presented at the NATO conference "One Year after Georgia: National Perspectives," Washington, DC, October 8, 2009

## **A RESURGENT RUSSIA**

Undoubtedly, energy resources, nuclear weapons, and institutional importance underpin Russia's geopolitical power and outsized influence. However, these conditions have existed for years. Neither Russia's energy dominance, military capabilities, nor position in the UN are new or significantly enhanced. So the question becomes: why is Russia resurging on the global stage now? What variables have changed that despite distressing economic and societal conditions, the Kremlin is able to pursue aggressive geopolitical actions now?

I assert that Russia's resurgence to global power is a direct result of America's abdication of global leadership. America's retreat from its role as global policeman and standard-setter has fundamentally shifted the existing world order such that an ambitious, aggressive Russia can pursue its national interests at the expense of others. In the wake of the Cold War, the United States established itself as the undisputed superpower in a unipolar world. The U.S. was able to enforce an international order based on its values of freedom, democracy, human rights, economic prosperity, and international law. In recent years, as the U.S. has stepped away from its leadership role, the underpinnings of the world order have deteriorated, and multiple poles of power have emerged. A reenergized Russia is taking action to establish its sphere of influence in this new multipolar world.

This paper explores the paradox of a resurgent Russia and the American withdrawal that has made this resurgence possible. Chapter 2 examines the first aspect of this paradox: Russia's weak economic position and bleak growth prospects. A portrait of a struggling state unfolds, not a state resurging to prominence. Chapter 3 explores the second aspect of the paradox: Russia's ability to exert global power. It illustrates the mechanisms by which Russia takes advantage of the weaknesses of the Great Powers and its near-abroad neighbors to accomplish its goals. Also, it explores the Kremlin's development of hybrid

and cyber competencies as tools to attain power. Chapter 4 considers the question of why Russia reemerging to global prominence and why this is happening now. I argue that American withdrawal from global leadership has enabled the establishment of a new world order, and in this evolving, multipolar world order, an ambitious Russia can flex its muscles and pursue its global goals. Chapter 5 follows with the West's response to Russia's rise. In this evolving world order post-American leadership, Mr. Putin's ambitious Russia will continue to solidify its influence. The West will need a comprehensive strategy if it hopes to curb Russian bad behavior.

## **Chapter 2: Economic Stagnation**

This chapter explores the first aspect of the paradox: Russia's economic fragility. Indicators reveal a struggling economy, plagued by stagnation, over-concentration, and systemic hurdles to growth. Furthermore, Russia faces macroeconomic headwinds that limit prospects for growth. This analysis demonstrates a troubled economy, describing a declining state, not a rising global power.

### **DEPENDENCE ON GLOBAL ENERGY MARKETS**

Russia's \$4 trillion economy is dominated by the energy sector and the country's rich natural resources. While Moscow claims the energy sector only comprises 25% of GDP, experts assess the economy is much more concentrated than that. The Carnegie Moscow Center estimates 67% of GDP is dependent on hydrocarbons.<sup>19</sup> Regardless of the exact percentage, the impact of global energy markets is undeniable. Since the global financial crisis and the mid-2014 plunge in energy prices, the Russian economy has been largely destabilized. GDP has contracted and stalled, while economic stagnation has become a reality.

### **Correlation with Energy Prices**

The Russian economy is strongly correlated to global oil prices. Russia's prosperity rises and falls with these volatile markets. This correlation between Brent crude prices against quarterly GDP growth can be seen in *Figure 2.1*.<sup>20</sup> This figure clearly shows the congruent movements between them. Additionally, this correlation can be seen in the value of the ruble. Long-term trends demonstrate that the ruble closely tracks Brent crude (*Figure*

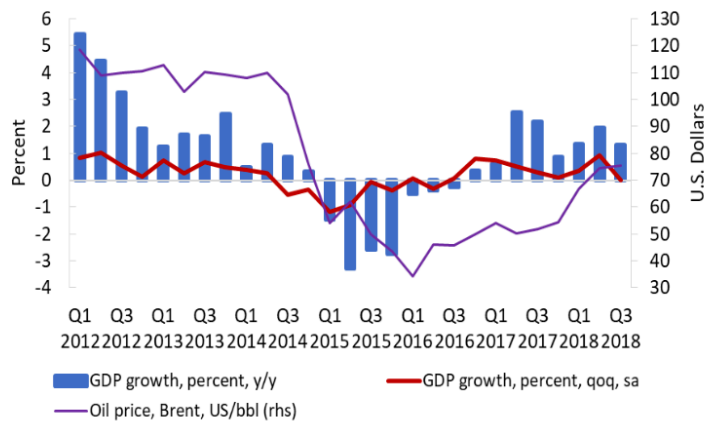
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<sup>19</sup> Movchan, Andrey, "Just an Oil Company? The True Extent of Russia's Dependency on Oil and Gas," *Carnegie Moscow Center*.

<sup>20</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

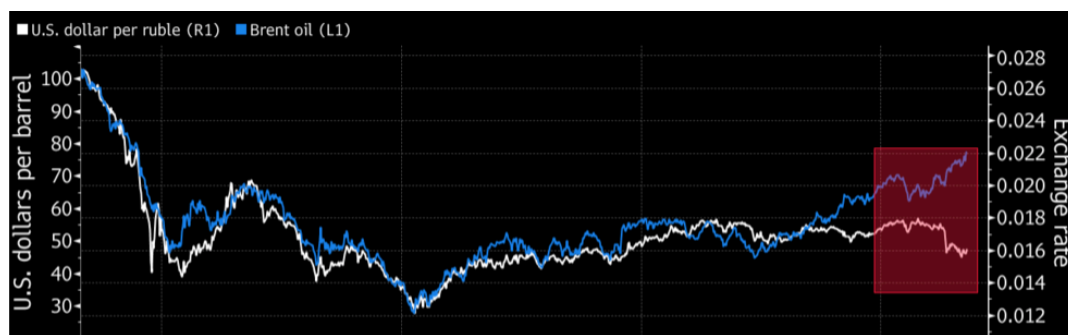
2.2).<sup>21</sup> It should be noted that the anomaly of decoupling in 2018 is widely speculated as a result of U.S. sanctions, not a change in the long-term pattern<sup>22</sup> Overall, the relationship is clear: Russian prosperity mirrors global oil prices.

**Figure 2.1 Russia real GDP growth vs. Brent crude price<sup>23</sup>**



Source: Rosstat.

**Figure 2.2 Ruble valuation vs. Brent crude price<sup>24</sup>**



Source 1: Bloomberg

<sup>21</sup> Andrianova, Anna, "Russian Ruble Hooks Up with Oil Rally to Surge Most in the World," *Bloomberg*, May 10, 2018, accessed March 1, 2019, <https://www.bloomberg.com/news/articles/2018-05-10/russian-ruble-hooks-up-with-oil-rally-to-surge-most-in-the-world>

<sup>22</sup> Holmes, Frank, "5 World Currencies that are closely tied to Commodities," *U.S. Global Investors*, September 5, 2018, accessed March 1, 2019, <http://www.usfunds.com/investor-library/frank-talk/5-world-currencies-that-are-closely-tied-to-commodities/#.XMDvdC-ZNsM>

<sup>23</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>24</sup> Andrianova, Anna, "Russian Ruble Hooks Up with Oil Rally to Surge Most in the World," *Bloomberg*.

## Oil Price Forecasts

Given this strong correlation between the Russian economy and global oil prices, macroeconomic trends in oil prices are crucial to the country's economic growth and outlook. Oil prices steadily risen through 2017 and 2018 (*Figure 2.3*).<sup>25</sup> The World Bank's "world oil" price (an annual average of Brent crude, WTI, and Dubai) climbed to \$70/bbl in 2018, a 33% improvement from 2017.<sup>26</sup> The World Bank projects prices will remain around \$71/bbl for the next three years.<sup>27</sup>

Wall Street consensus agrees that oil prices will remain relatively flat in the near term. *The Wall Street Journal's* latest April survey of 12 investment banks places Brent crude forecasts at \$68/bbl for the rest of 2019.<sup>28</sup> This is a slight improvement from the March survey of \$67/bbl.<sup>29</sup> These banks predict WTI will average \$60/bbl for 2019, in line with earlier estimates. This is generally positive news for Russia. Earlier this month, Mr. Putin indicated that Russian firms were comfortable with current oil prices and their ability to invest at these levels.<sup>30</sup>

There is more variation in Wall Street's longer-term views on oil prices. As illustrated in *Figure 2.4*, Wall Street is more conflicted about the direction of oil in 2020. Half of the surveyed banks project crude futures over \$60 and half project them under.<sup>31</sup> Clearly, these long-term prices will be crucial to Russia's future growth.

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<sup>25</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Alessi, Christopher, "Banks Lift Oil Price Forecasts for 2019," *The Wall Street Journal*.

<sup>29</sup> Ibid.

<sup>30</sup> Khrennikova, Dina and Olga Tanas, "Putin Keeps Options Open on Possible Extension of OPEC+ Oil Cuts," *Bloomberg*, April 9, 2019, accessed April 15, 2019, <https://www.bloomberg.com/news/articles/2019-04-09/putin-keeps-options-open-on-possible-extension-of-opec-oil-cuts>

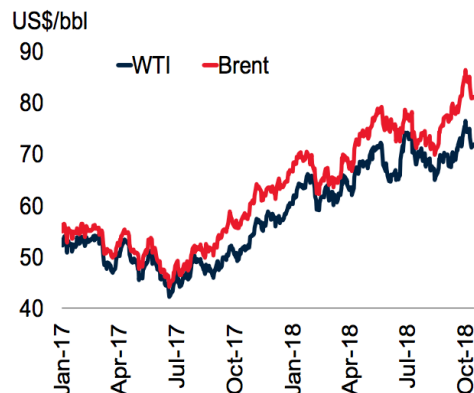
<sup>31</sup> Alessi, Christopher, "Banks Lift Oil Price Forecasts for 2019," *The Wall Street Journal*.



In late 2018, Russia joined with OPEC countries in an agreement to limit global oil supply. The supply block known as OPEC+ pledged to cut production by 1.2 million barrels per day.<sup>32</sup> Thus far, OPEC+ has been successful in increasing oil prices, with 2019 Q1 crude prices improving 32% from Q4.<sup>33</sup> Experts believe these OPEC+ production cuts will improve supply and demand balance, and Moscow officials certainly hope they ensure market stability in the future.

Movements in oil prices have the potential to significantly impact Russian GDP growth, but the relatively stable forecasts indicate no major swings. If forecasts and oil prices hold, the energy sector will not be a stimulus of GDP growth, but it will also not renew the contraction seen in recent years. Economists project modest GDP growth of 1.5% and 1.8% over the next two years.<sup>34</sup>

**Figure 2.3 Brent crude vs. WTI prices, 2017-2018<sup>35</sup>**



Source: Bloomberg.

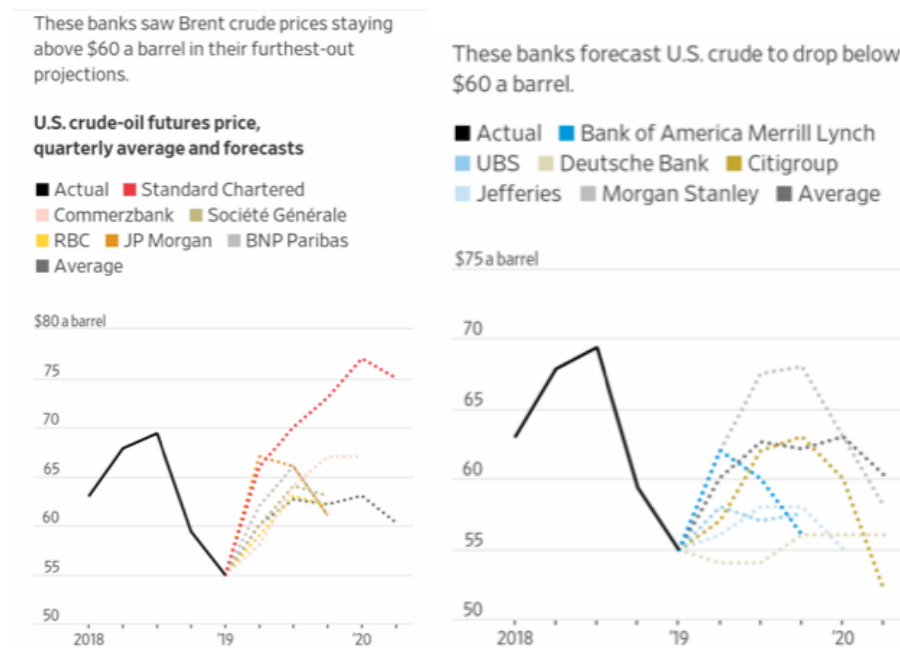
<sup>32</sup> DiChristopher, Tom, "OPEC and allies agree to cut oil production by 1.2 million barrels per day," *CNBC*, December 7, 2018, accessed March 1, 2019, <https://www.cnbc.com/2018/12/07/opec-meeting-saudi-arabia-and-russia-look-to-impose-production-cuts.html>

<sup>33</sup> Ramkumar, Amrith and Stephanie Yang, "OPEC Cuts Propel Oil to Best First Quarter Since 2002," *The Wall Street Journal*, March 30, 2019, accessed April 15, 2019, <https://www.wsj.com/articles/opec-cuts-propel-oil-to-best-first-quarter-since-2002-11553943602>

<sup>34</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>35</sup> Ibid.

**Figure 2.4 Wall Street crude oil forecasts<sup>36</sup>**



## OIL AND NATURAL GAS PRODUCTION

Russia consistently ranks as a global leader in crude oil production, alongside the U.S. and Saudi Arabia (*Figure 2.5*).<sup>37</sup> In 2017, Russia's oil production averaged a substantial 11.257 million barrels per day and captured 12.2% of the global market.<sup>38</sup> Throughout 2018, Russia sustained high levels of production and investment, with production reaching historic highs in October 2018.<sup>39</sup> Russia ranked as the 3<sup>rd</sup> largest oil producer for the year (*Figure 2.6*).<sup>40</sup>

<sup>36</sup> Alessi, Christopher, "Banks Lift Oil Price Forecasts for 2019," *The Wall Street Journal*.

<sup>37</sup> "The United States is now the largest global crude oil producer," *U.S. Energy Information Administration*, September 12, 2018, accessed March 1, 2019, <https://www.eia.gov/todayinenergy/detail.php?id=37053>

<sup>38</sup> BP, *BP Statistical Review of World Energy, June 2018*, (67th Edition), <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2018-full-report.pdf>

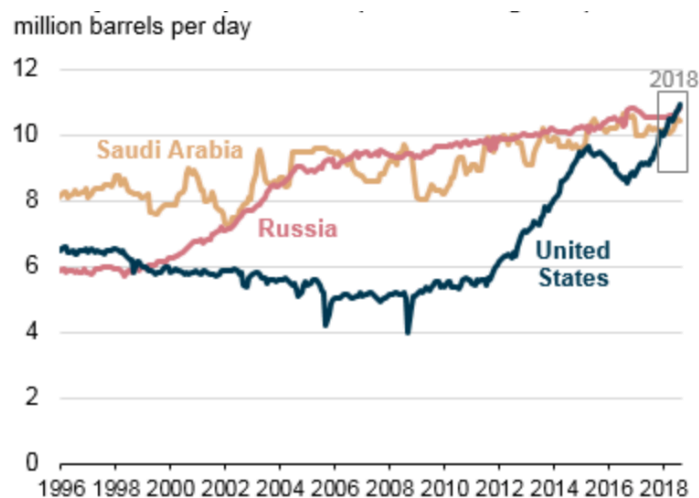
<sup>39</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>40</sup> "What countries are the top producers and consumers of oil?" *U.S. Energy Information Administration*, <https://www.eia.gov/tools/faqs/faq.php?id=709&t=6>

In accordance with the OPEC+ production cuts implemented in late 2018, Russia has decreased its oil supply. The global market is currently enjoying higher oil prices from this reduced supply. In April 2019, Mr. Putin said he is considering continuing the lower production levels. The OPEC+ partners will meet in June to discuss a potential renewal.<sup>41</sup>

Russia also dominates the natural gas production market (*Figure 2.7*).<sup>42</sup> In 2017, Russia was the world's 2<sup>nd</sup> largest natural gas producer with 635.6 billion cubic meters, capturing 17.3% of the global market share.<sup>43</sup> Natural gas production in Russia is growing, as production levels increased 8% from the previous year.<sup>44</sup> Russia has invested extensively in complex natural gas infrastructure and transportation systems that will ensure the country's continued dominance in the global market.

**Figure 2.5 Monthly crude production, 1996- 2018<sup>45</sup>**



Source: U.S. Energy Information Administration. [Short-Term Energy Outlook](#)

<sup>41</sup> Khrennikova, Dina and Olga Tanas, "Putin Keeps Options Open on Possible Extension of OPEC+ Oil Cuts," *Bloomberg*.

<sup>42</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>43</sup> BP, *BP Statistical Review of World Energy, June 2018*, (67th Edition).

<sup>44</sup> Ibid.

<sup>45</sup> "The United States is now the largest global crude oil producer," *U.S. Energy Information Administration*.

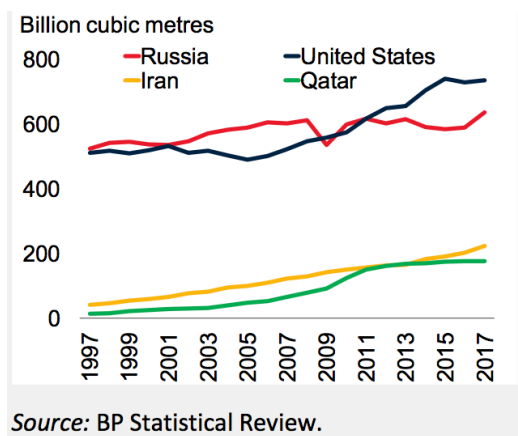
**Figure 2.6 Largest oil producers with share of world oil production, 2018<sup>46</sup>**

Country	Million barrels per day	Share of world total
United States	17.87	18%
Saudi Arabia	12.42	12%
Russia	11.40	11%
Canada	5.27	5%
China	4.82	5%
Iraq	4.62	5%
Iran	4.47	4%
United Arab Emirates	3.79	4%
Brazil	3.43	3%
Kuwait	2.87	3%
Total top 10	70.96	70%
World total	100.66	

<sup>1</sup> Oil includes crude oil, all other petroleum liquids, and biofuels.

<sup>2</sup> Production includes domestic production of crude oil, all other petroleum liquids, biofuels, and refinery processing gain.

**Figure 2.7 Natural Gas production level by country<sup>47</sup>**



## Russian Exports

Unsurprisingly, the energy sector also drives Russian exports. Energy products account for 59% of total exports (*Figure 2.8*),<sup>48</sup> with oil and gas comprising the majority of this category. Russia's oil resources far exceed their domestic consumption needs. Over

<sup>46</sup> "What countries are the top producers and consumers of oil?" U.S. Energy Information Administration.

<sup>47</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

<sup>48</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

the last decade, domestic oil consumption has remained flat, while production levels continue to increase (*Figure 2.9*).<sup>49</sup> Russia competes closely with Saudi Arabia as the global leader in crude oil exports.<sup>50</sup>

However, the country continues to struggle in other areas of its export economy, specifically manufacturing and services. This speaks to how over-concentrated Russia is in natural resource sectors. The economy has few other developed industries, thereby resulting in limited targets for investment.

In its trading relationships, Russia's most significant export partner is China. In 2017, China consumed 11% of total exports.<sup>51</sup> The Russian-Chinese trade relationship deepened dramatically in the last year. U.S. sanctions against Russia, coupled with the U.S.-China trade war, have compelled even more trade between these two nations. In 2018, the total value of China's imports from Russia increased by a sizeable 42.7%.<sup>52</sup> Much of this increase was due to a steep volume increase in energy exports to China. Reuters estimates that China is now importing 53% more Russian crude oil by volume, from 1.39 million barrels per day up to 1.73 million barrels per day.<sup>53</sup> This expanding trade relationship brings some promise for the Russian export economy. However, given the vastly unequal scales of these economies and trade needs misalignment, there is a natural ceiling on the possible level of trade.

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<sup>49</sup> World Bank Group, *Russia Economic Report, November 2018*, (Report #40).

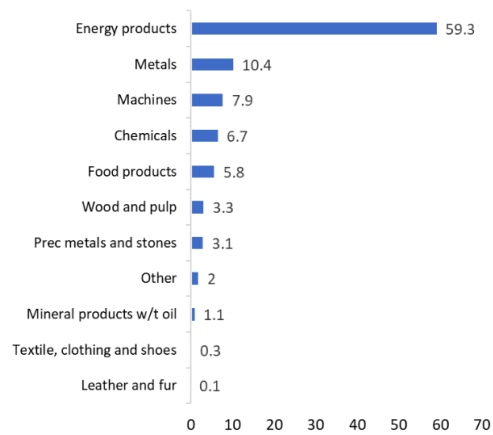
<sup>50</sup> Ibid.

<sup>51</sup> *The World Factbook: Russia*, Central Intelligence Agency.

<sup>52</sup> "Russia's trade with China surges to more than \$107 billion," *RT*, January 14, 2019, accessed March 1, 2019, <https://www.rt.com/business/448783-russia-china-trade-turnover/>

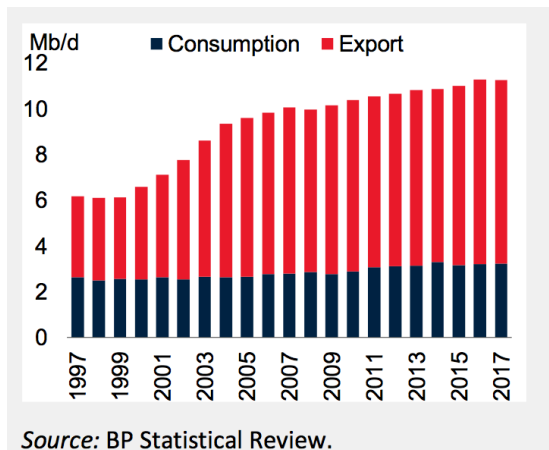
<sup>53</sup> "Russia crude supply to China surges to record, Iran shipments sink: customs," *Reuters*, November 26, 2018, accessed March 1, 2019, <https://www.reuters.com/article/us-china-economy-trade-crude/russia-crude-supply-to-china-surges-to-record-iran-shipments-sink-customs-idUSKCN1NV0VO>

**Figure 2.8 Russian exports by sector, 2017<sup>54</sup>**



Source: Russian customs statistics.

**Figure 2.9 Russian crude oil: domestic consumption vs. export<sup>55</sup>**



Source: BP Statistical Review.

## ADDITIONAL CHALLENGES TO GROWTH

Russia struggles from an outdated economy, heavily dependent on volatile energy markets and not diversified enough to stimulate new growth. The Kremlin refuses to modernize, diversify into new sectors, and privatize companies away from the state-run

<sup>54</sup> World Bank Group, *Russia Economic Report*, November 2018, (Report #40).

<sup>55</sup> Ibid

oligarch class. Relative poverty prevails among the populous. In addition to these structural problems, Russia faces numerous additional hurdles to growth.

### **Corruption**

Rampant corruption and state-led mismanagement are pervasive problems throughout Russia. Transparency International ranks Russia as one of the most corrupt countries worldwide, placing it 135<sup>th</sup> out of 180.<sup>56</sup> This rampant corruption discourages domestic and foreign investment, hindering development and halting entrepreneurial engines of growth.

### **International Sanctions**

Russia's aggressive foreign actions have earned the ire of the U.S. and the West, resulting in sanctions from the international community. After the invasion of Crimea in 2014, President Obama imposed sanctions targeting Russian energy companies Novatek, Rosneft, Gazprom Beft, and Transneft.<sup>57</sup> These sanctions restricted access to U.S. capital markets, and the EU implemented similar restrictions shortly thereafter.<sup>58</sup> More recently, Russian interference in the 2016 U.S. presidential elections prompted renewed sanctions. On September 12, 2018, President Trump signed an executive order against any foreign entity meddling in American elections.<sup>59</sup> After Special Council Mueller uncovered evidence of interference by 12 Russian intelligence officials, the U.S. imposed fresh sanctions.

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<sup>56</sup> Transparency International, *Corruption Perceptions Index 2017*, February 21, 2018, accessed March 1, 2019, [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017)

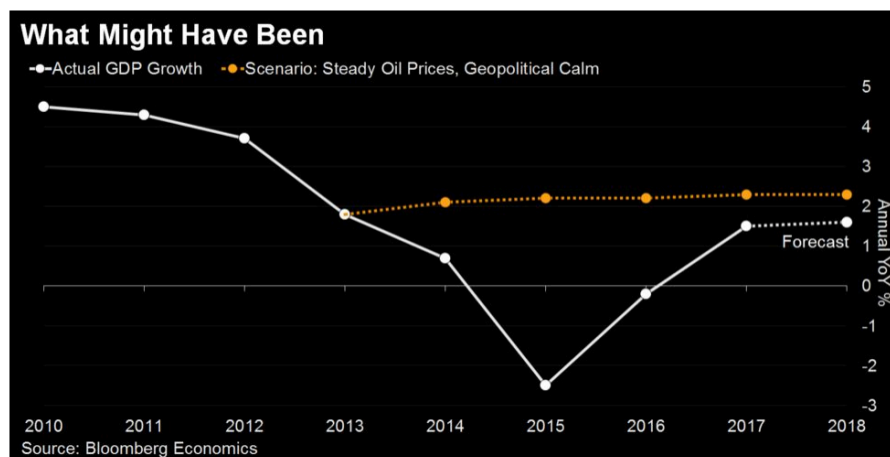
<sup>57</sup> "Russia: Effect of sanctions and lower oil prices," *U.S. Energy Information Administration*, October 31, 2017, accessed March 1, 2019, <https://www.eia.gov/beta/international/analysis.php?iso=RUS>

<sup>58</sup> "Russia: Effect of sanctions and lower oil prices," *U.S. Energy Information Administration*.

<sup>59</sup> Matthews, Owen, "Donald Trump, U.S. have Declared Economic War on Russia with its Toughest Sanctions Yet," *Newsweek*, September 17, 2018, accessed March 1, 2019, <https://www.newsweek.com/2018/09/28/trump-us-economic-war-russia-tough-sanctions-1122653.html>

The years of sanctions have had a substantial impact on Russian GDP growth. Bloomberg Economics undertook a hypothetical exercise on “What Might Have Been” had sanctions not been imposed by the U.S. and EU in 2014 (*Figure 2.10*).<sup>60</sup> They found that Russia’s economy is approximately 10% smaller than could have anticipated at the end of 2013. Sanctions account for 6% of this reduction.<sup>61</sup>

**Figure 2.10 Hypothetical Russian GDP growth, absent sanctions<sup>62</sup>**



## Fiscal Spending Priorities

When considering challenges for growth, it is crucial to consider the Kremlin’s skewed fiscal priorities. Russia invests very little in developing their labor force and keeping their population healthy. In 2017, Russia only invested 3.8% of GDP in education, placing Russia 120<sup>th</sup> worldwide.<sup>63</sup> Similarly, the state only spent 7.1% of GDP on health expenditures, placing 79<sup>th</sup> in world.<sup>64</sup>

<sup>60</sup> Doff, Natasha, “Here’s One Measure that Shows Sanctions on Russia are Working,” *Bloomberg*, November 16, 2018, accessed March 1, 2019, <https://www.bloomberg.com/news/articles/2018-11-16/here-s-one-measure-that-shows-sanctions-on-russia-are-working>

<sup>61</sup> Ibid.

<sup>62</sup> Ibid.

<sup>63</sup> *The World Factbook: Russia*, Central Intelligence Agency.

<sup>64</sup> Ibid.



Instead, Mr. Putin invests heavily in his military, an outlay with little relevance to economic development. The Stockholm International Peace Research Institute found Russia's 2017 military expenditures were an immense 4.3% of GDP.<sup>65</sup> Mr. Putin has sustained incredibly high military spending through his two decades in power. This lopsided military expenditure contributes to the methods Russia employs to exercise global power and will be analyzed in the following chapter.

These fiscal spending priorities speak volumes of Mr. Putin's leadership strategy. Mr. Putin is playing a short game, aimed at seizing power and prestige now and leaving future prosperity to the next leader. He is sacrificing the future for the now. Mr. Putin's mentality and economic decisions are fundamental to why Russia is resurging and how Russia exerts global power.

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<sup>65</sup> Stockholm International Peace Research Institute, *Military expenditure by country as percentage of gross domestic product Database, 2018*, [https://www.sipri.org/sites/default/files/3\\_Data%20for%20all%20countries%20from%201988-2017%20as%20a%20share%20of%20GDP.pdf](https://www.sipri.org/sites/default/files/3_Data%20for%20all%20countries%20from%201988-2017%20as%20a%20share%20of%20GDP.pdf)

## Chapter 3: Understanding Russia's Global Power

This chapter explores the second aspect of the resurgence paradox: how Russia exerts outsized power on the global stage. Russia consistently utilizes three methods to leverage geopolitical power:

- 1) Exploit the relative weaknesses of the Great Powers and its near-abroad neighbors;
- 2) Manipulate the West's openness and technological advances;
- 3) Utilize modern military capabilities in hybrid and cyber warfare.

Understanding these three methods of attaining power is central to how an economically frail state is able to act like a Great Power. This chapter elaborates on each of these tactics and gives corresponding examples of how Russia has used them.

### EXPLOIT THE RELATIVE WEAKNESSES OF THE GREAT POWERS

One of the Kremlin's primary methods for exerting outsized power is to exploit the relative weaknesses of its opponents. Russia uses an opponent's distraction or unpreparedness as an opportunity to aggressively further its own international ambitions. This tactic has been especially effective against the West. The Great Powers are over-extended, fatigued, preoccupied, and under-resourced, while Russia remains surgically focused on its narrow geopolitical ambitions. Russia's focus relative to the West's distraction allows Russia to pursue its goals more effectively.

A prime example of this methodology is Russia's 2008 invasion of Georgia. The Russia-Georgia conflict stemmed from the Kremlin's close ties to South Ossetia and Abkhazia, Georgia's two separatist regions.<sup>66</sup> Although the Kremlin had expressed interest

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<sup>66</sup> Harris, Chris, "Europe's forgotten war: The Georgia-Russia conflict explained a decade on," *EuroNews*, July 8, 2018, accessed March 1, 2019, <https://www.euronews.com/2018/08/07/europe-s-forgotten-war-the-georgia-russia-conflict-explained-a-decade-on>

in annexation for years, Mr. Putin waited. He waited until the Americans were fatigued from decades of wars in the Middle East. He waited until the American Congress and public opinion had turned against overseas adventurism. He waited until America was in the middle of a presidential election. And then he struck. Russia seized on America's moment of weakness, and as Mr. Putin accurately predicted, America and the West were too distracted to forcibly respond.

In his book The New Tsar: The Rise and Reign of Vladimir Putin, Steven Lee Myers provides a riveting portrait of the leader and his multifaceted motivations in global affairs.<sup>67</sup> Myers ultimately concludes that Mr. Putin's goal is to project strength at any cost. Mr. Putin views himself as "the living embodiment of Russia's stability"<sup>68</sup> relentlessly accumulates his own power to promote this strength and stability. Mr. Putin's centralized authority and "vertical of power" are tools against the West. While the Great Powers are incumbered by legislative bodies, hierarchical approvals, and public sentiment, Mr. Putin possesses the structural ability to deploy resources and military might with precision.

#### **MANIPULATE THE WEST'S OPENNESS AND TECHNOLOGICAL ADVANCES**

Another method Russia uses to exert outsized power is taking advantage of the West's open and free societies. Russia is skilled at strategically manipulating the West's advances in technology, communication, media, and financial markets for its own gain. Western societies and economies are more structurally vulnerable to cyber interference than less developed, decentralized countries like Russia. Mr. Putin has invested heavily in cyber capabilities to exploit this asymmetry and source of Western vulnerability.

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<sup>67</sup> Myers, Steven Lee, *The New Tsar: The Rise and Reign of Vladimir Putin*, New York: Random House, 2015. Print.

<sup>68</sup> Ibid.

Furthermore, Russia exploits the West's openness through propaganda proliferation. Russia has become heavily involved on Western social media platforms. The West's pervasive social media culture, coupled with its liberal media laws, increase Westerners' vulnerability. These platforms present an optimal tool for the Kremlin: low cost, mass distribution, near anonymity, and placement of the Kremlin's men in plain sight.

The most devastating example of Russia exploiting the West's openness is Russia's successful interference in the 2016 U.S. presidential elections. The details of Russian election interference are beyond the scope of this paper, but this aggressive act fits Russia's typical methodology of exploiting the West's technological advances and open culture. It has the added benefit striking the heart of democracy and shaking the faith of democratic people the world over.

#### **UTILIZE MODERN MILITARY CAPABILITIES IN CYBER AND HYBRID WARFARE**

The final method Russia consistently uses rests in its modernized military capabilities. In addition to upgrading its nuclear arsenal, Russia has undergone a transformational military modernization program. Moscow implemented massive reforms in 2008 after what it perceived as systemic failures in the Georgian War.<sup>69</sup> As discussed in chapter 2, Moscow has spent heavily on its military; *Figure 3.1* illustrates this high level of military investment that has been sustained for years.<sup>70</sup> This massive spending has secured Mr. Putin cutting edge weapons systems and technologies. Russia now boasts new hypersonic glide vehicles. The hypersonic Avangard will soon become the first deployed

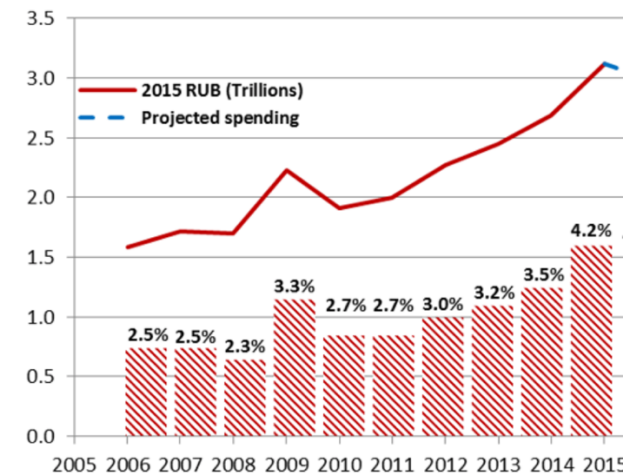
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<sup>69</sup> "Putin's New Model Army," *The Economist*, May 24, 2014, accessed March 1, 2019, <https://www.economist.com/europe/2014/05/24/putins-new-model-army>

<sup>70</sup> Mugg, James, "The One Chart that Russia's Military should be Very Afraid Of," *National Interest*, November 26, 2016, accessed March 1, 2019, <https://nationalinterest.org/blog/the-buzz/the-one-chart-russias-military-should-be-very-afraid-18513>

weapon of its type in the world.<sup>71</sup> Neither the U.S. nor any state has a counter to hypersonic technology. Given the rate of rapid technological military advances, new weapons like these risk eroding America's conventional warfighting advantage in one fell swoop.

**Figure 3.1 Russian military expenditures, percentage of GDP<sup>72</sup>**



Source 2 National Interest

Russia's military build-up is particularly threatening because of the West's trend toward less military outlays. While Russia has been developing cutting-edge weapons systems and technologies, most Western countries have been winding down their defense capabilities. This asymmetric spending and focus create an implicit threat that allows Russia to deter military retribution to its foreign aggression.

Russia's engagement in hybrid and cyber warfare is critical to its ability to wield global power. Moscow engages daily in hybrid conflict. Throughout the world, Russia is engaging in cyber theft, corrupting foreign officials, spreading propaganda, and supporting

<sup>71</sup> Panda, Ankit, "Russia Conducts Successful Flight-Test of Avangard Hypersonic Glide Vehicle," *The Diplomat*, December 27, 2018, accessed March 1, 2019, <https://thediplomat.com/2018/12/russia-conducts-successful-flight-test-of-avangard-hypersonic-glide-vehicle/>

<sup>72</sup> Mugg, James, "The One Chart that Russia's Military should be Very Afraid Of," *National Interest*.

Putin's "Little Green Men."<sup>73</sup> Much of this aggression is difficult to detect and even more difficult to publicly prosecute. Russia is acquiring expertise in hybrid attacks daily as it assaults its feeble neighbors and weaker states around the world. That expertise may one day be turned toward an unsuspecting West.

Hybrid and cyber aggression seamlessly fit into Mr. Putin's strategy: relentlessly pursue the interests of Russia, without prompting exile from the international community and global marketplace. These "gray area" competences fall below the threshold of NATO Article 5 thus far, but the Kremlin's actions still pose significant threats to the U.S. and the West. As the British defense secretary Gavin Williamson articulates:

"Russia is ripping up the rulebook by undermining democracy, wrecking livelihoods by targeting critical infrastructure and weaponizing information... We must be primed and ready to tackle these stark and intensifying threats."<sup>74</sup>

For the last three years, Russia has conducted a continuous onslaught of cyber assaults against the sovereign state of Ukraine. Russia has attacked every major sector of Ukraine's economy, power grid, financial system, and government. Moscow has perpetrated multiple electrical grid attacks, causing mass blackouts impacting over 250,000 Ukrainians at a time.<sup>75</sup> In December, Ukraine's president Petro Porshenko reported that there had been 6,500 cyberattacks on 36 Ukrainian targets in the previous two months alone.<sup>76</sup>

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<sup>73</sup> Shevchenko, Vitaly, "'Little Green Men' or 'Russian invaders'?", *BBC News*, March 11, 2014, accessed May 7, 2019, <https://www.bbc.com/news/world-europe-26532154>

<sup>74</sup> Marsh, Sarah, "US joins UK in blaming Russia for NotPetya cyber-attack," *The Guardian*, February 15, 2018, accessed March 1, 2019, <https://www.theguardian.com/technology/2018/feb/15/uk-blames-russia-notpetya-cyber-attack-ukraine>

<sup>75</sup> Greenberg, Andy, "How an Entire Nation Became Russia's Test Lab for Cyberwar," *Wired*, June 20, 2017, accessed March 1, 2019, <https://www.wired.com/story/russian-hackers-attack-ukraine/>

<sup>76</sup> Ibid.

In June 2017, Russia perpetrated the largest cyberattack in history, the NotPetya Ransomware Attack. Russia initially launched NotPetya in Ukraine, but the ransomware spread quickly, even infiltrating American and European companies Merck, FedEx, and Maersk. NotPetya caused an estimated \$10BN in total damages.<sup>77</sup> Yet, the West's response was minimal. The West's hesitation to meaningfully respond is telling. It illustrates the difficulty of assigning responsibility and proving blame unequivocally in the cyber sphere. Russia's hybrid and cyber efforts open new "gray areas" that challenge the definition of war. The West has been unwilling to wade into meaningful responses to these attacks and confront Russia directly.

Altogether, it is clear that Russia has developed effective strategies to pursue its international ambitions. Moscow demonstrates the patience, focus, and expertise to manipulate the West's Great Powers and overcome its near-abroad neighbors. Moscow also understands the power of cyber and hybrid capabilities in pursuing its goals. Mr. Putin's Russia has combined these strategies with a decade-long military modernization program to create a state capable of projecting global power. But the question still remains: why is Russia resurging now?

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<sup>77</sup> Tehrani, Rich, "NotPetya: World's First \$10 Billion Malware," *Apex*, October 28, 2017, accessed March 1, 2019, <https://www.apextechservices.com/topics/articles/435235-notpetya-worlds-first-10-billion-malware.htm>

## **Chapter 4: The New World Order**

Thus far, this paper has explored the paradox of a resurgent Russia, first considering the state's economic malaise, then exploring the mechanisms by which Russia exerts global power. It has shown that this resurgence is not driven by economic strength or new internal capabilities. While Russia has effective methods of wielding power, these certainly do not explain how the country can pursue aggressive acts and violate international norms freely. Instead, the resurgence of Russia is a consequence of the American withdrawal from global leadership. In this post American-led world, a new order is evolving in which an aggressive Russia has the opportunity to regain global prominence.

### **AMERICAN WITHDRAWAL FROM GLOBAL LEADERSHIP**

Since the end of World War II, America has taken on the privilege and burden of global leadership. With a devastated Europe and Asia, the U.S. seized the opportunity to reshape the world in its image promoting democracy, freedom, human rights, international law, and economic development. The U.S. became the global standard-setter for international norms and assumed the role of global enforcer. While not every action taken by America was morally justifiable, there were many benefits under this international order. Under American leadership, the world experienced a lasting Democratic Peace between once-warring developed nations, the spread of self-determination and liberation movements, and history's most successful security alliance in NATO. Furthermore, the American economy prospered and increased standards of living at home and abroad.

But in the long aftermath of the September 11 attacks and subsequent Middle East entanglements, America started to fatigue of its role as global policeman. The fight against counter-terrorism and counter-insurgency had no geographic bounds and no definite end. The new generation tired of the financial and human costs, and the fundamental benefits



of this role came into question. In his book America in Retreat, *Wall Street Journal* columnist Bret Stephens eloquently states, “The debate over the inherent benefits of Pax Americana should have been settled long ago. But history only settles great debates for as long as people can remember the history.”<sup>78</sup>

In 2008, America elected a vocal opponent of the Iraq War, the dynamic, first-term Senator Barack Obama, who promised change and an end to overseas adventurism. Shortly into his tenure, the new president learned how difficult this promise was to keep. The Middle East conflicts continued, with no exit in sight. However, President Obama did adopt a new tact to leadership, a strategy dubbed “lead from behind.” Instead of America being the leading voice in the room, providing clear guidance and setting priorities on global issues, he envisioned America as one of many voices. He strongly favored multilateralism and coalition building to solve transnational issues.

After years of this globalist approach to world affairs, a new fervor took over America, a nationalist fervor demanding America First. Supporters of then-candidate Mr. Donald Trump were tired of President Obama’s softer touch and ignited by an economic and political message of nationalist strength and raw American power. They rebelled against ‘the global elite’ taking advantage of the American worker. Conservatism, and its core principle of smaller government, was remodeled into a Doctrine of Retreat.<sup>79</sup> The populous demanded a dismantling of the broken Washington system and its international institutions. The brash, billionaire New Yorker was only too happy to oblige.

Despite their diametrically opposed views, both Presidents Obama and Trump orchestrated American withdrawal from global leadership. Neither wanted to assume the

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<sup>78</sup> Stephens, Bret, *America in Retreat: The New Isolationism and the Coming Global Disorder*. New York: Penguin Group. 2014. Print.

<sup>79</sup> Ibid.

responsibility of global policeman. Neither wanted to fight for democracy at any cost. Neither wanted America carrying the security burden for the rest of the world. And neither remembered the days before the Pax Americana and why America carried this burden to begin with.

In their persuasive new book The Lessons of Tragedy: Statecraft and World Order, scholars Hal Brands and Charles Edel contend that over the last 70 years, American foreign policy consensus has been shaped by tragedy.<sup>80</sup> After the horrific destruction of World War II and the Cold War, the American people felt a common sense of tragedy and rallied behind a global view that reflected this sentiment. As time passed, Americans no longer share this tragic sensibility and our foreign policy is now driven by other factors. Brands and Edel point out that the majority still espouses the values of the U.S.-led world, but they are no longer willing to bear the associated costs. “[Americans] wants military primacy, but they don’t want to reform Social Security or raise taxes to cover the tab.... They like the benefits of free trade, but they increasingly revolt against the dislocations that accompany it.”<sup>81</sup>

## **DISMANTLING THE ESTABLISHED ORDER**

America is dismantling the world order it established brick-by-brick. Allies are cast aside, threats are ignored, and agreements are thrown away. Crucially, institutions that took years to build, like the United Nations, NATO, and the World Bank, are being denigrated. Western institutions have underpinned the post-World War II world order. They have provided the conflict resolution mechanisms that have prevented countless international disputes from escalating. They have reinforced global norms of diplomacy and

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<sup>80</sup> Brands, Hal and Charles Edel, *The Lessons of Tragedy: Statecraft and World Order*. New Haven and London: Yale University Press, 2019. Print.

<sup>81</sup> Ibid.

cooperation, as opposed to tribalism and violence. Moreover, these Western institutions have facilitated investment pathways throughout the world and provided the framework for monetary disputes like currency arbitration. Yet, the U.S. persists in degrading the relevance of these institutions.

Examples of America dismantling this world order and throwing off the burden of global policeman abound. But two particular instances will be remembered as hallmarks for years to come. The first is President Obama's infamous "Red Line." In 2012, President Obama declared that the use of chemical weapons in the Syrian civil war would cross a "red line" and demand U.S. military intervention. Shortly thereafter, the brutal Syrian dictator Bashar Assad used sarin gas to kill 1,400 of his own people.<sup>82</sup> President Obama did not pursue a military response, an inaction many interpreted as weakness and America's unwillingness to uphold the world order against bad actors. A second hallmark is President's Trump continued insistence on the irrelevance of NATO. On July 18, 2018, President Trump did a televised interview on Fox News where he publicly questioned the Article 5 principle of collective defense.<sup>83</sup> He openly pondered if an attack on the little country of Montenegro was *really* an attack on all? U.S. allies shuttered and dent was made in the American security umbrella.

## **A NEW ORDER EVOLVING**

American withdrawal from leadership has fundamentally shifted the power structures that opposed aggressive states. America had the financial, diplomatic, and military clout to bend states to its will, sometimes with carrots, sometimes with sticks.

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<sup>82</sup> Morris, Tim, "Obama's 'red line' failure assured crisis in Syria," *Nola*, April 11, 2017, accessed March 1, 2019, [https://www.nola.com/opinions/2017/04/obamas\\_red\\_line\\_failure\\_brough.html](https://www.nola.com/opinions/2017/04/obamas_red_line_failure_brough.html)

<sup>83</sup> Sullivan, Eileen, "Trump Questions the Core of NATO: Mutual Defense, Including Montenegro," *New York Times*, July 18, 2018, accessed March 1, 2019, <https://www.nytimes.com/2018/07/18/world/europe/trump-nato-self-defense-montenegro.html>

Regardless of method, the offending actors knew America had the capability to act and its threats were not empty. Aggravating America and its allies had consequences, while cooperation had benefits.

As the U.S. has stepped back, it no longer inspires this fear or admiration. Bad actors can pursue increasingly hostile behavior, testing the limits of power while the West remains inactive. Russia's land grabs in Ukraine and continuous onslaught of cyberattacks against sovereign states are perfect examples. Further, America's retreat negates its role as Arbitrator-in-Chief. America no longer acts as an honest broker that can help nation-states resolve their differences peacefully.

This new world order post-American leadership is evolving in real time. What is certain is that America's retreat from leadership has created a power vacuum on the global stage and will, inevitably, result in an increasingly multipolar world. Ambitious states are eager to establish their spheres of influence with this newfound freedom. We see China establishing its dominance in the highly-contested South China Sea. We see Iran inciting tensions throughout the war-torn Middle East. We see Russia expanding its near-abroad and reclaiming Arctic territories. As states and non-state actors jockey for power, international relationships will be less stable, less predictable, and more contentious. National self-interest will rule supreme, while the norms that governed cooperative international relations will become hollow.

It is also certain that some of the ambitious states vying for dominance espouse radically different views than the United States. China, Iran, and Russia are three such emerging states. The evolving multi-polar world order allows these states to reshape human rights standards, governing norms, and conflict resolution in their autocratic images. Raw power and military dominance take a front seat to diplomacy and peace-making institutions. Dire consequences for citizens will follow. Further, it is not far-fetched to

wonder what impact a totalitarian-based world order may have on democracies and democratic-sliding states. It is possible an “autocratic creep” may steadily change the prevailing values of good governance as defined today.

Finally, it is crucial to mention that this new world order is underpinned by new alternatives to American and Western financial institutions and foreign aid. Historically, Western capital markets and the Western-led World Bank and IMF were the primary institutions that spurred international economic growth and investment. However, the acceleration of alternative financial institutions, especially the Chinese-led Asian Development Bank, has brought significant economic growth in Asia. These alternatives give Russia and other aggressive states new avenues to secure financing, while dampening the effect of Western sanctions and bypassing the need for the West.

#### **RUSSIA’S POSITION IN THE NEW ORDER**

In this emerging world order, Russia has wasted no time in aggressively establishing its sphere of influence. Mr. Putin is embodying the Boss Tweed philosophy: “The way to have power is to take it.” Mr. Putin is taking full advantage of America’s retreat and unwillingness to get entangled in Eastern European conflicts. Since testing the West’s resolve with its 2008 invasion of Georgia, Russia learned that America was willing to tolerate Russia’s bad behavior if confined to its near-abroad neighborhood. Now that America has retreated further, Russia has been more aggressive, daring to meddle in Western elections. Even then the U.S. has been unwilling to act. It is difficult to forget when President Trump stood side-by-side with Mr. Putin and said, “President Putin says

it's not Russia. I don't see any reason why it would be.”<sup>84</sup> It is not difficult to assume that Mr. Putin was emboldened by this public endorsement.

In this new world order, Russia is trying to secure its position through coalition-building. As America has stepped away from multilateralism, Russia has formed international coalitions focused on its own self-interest. Two examples include the Collective Security Treaty Organization and the Shanghai Cooperation Organization. Leadership in these organizations will further Russia's broader interests in protection of its oil and gas pipelines, destabilization of its near-abroad neighbors, and promotion of the Assad regime in Syria.

Finally, Russia is furthering its power in this new order through deepening relations with China. Many observe that Russia and China appear to be forming a strategic alliance, posing a significant power rearrangement away from the West and towards the greater East. As mentioned in Chapter 2, Russian-Chinese trade relations are accelerating rapidly, as Russian oil exports to China have increased substantially.<sup>85</sup> Beyond a deeper economic relationship, this alliance is motivated by common autocratic systems, brutal governance, and distain for American interference in domestic affairs. In analyzing threats to American security, former National Security Advisor Zbigniew Brzezinski warned, “the most dangerous scenario [would be] a grand coalition of China and Russia...united not by ideology but by complementary grievances.... [This coalition] would be reminiscent in scale and scope of the challenge once posed by the Sino-Soviet bloc.”<sup>86</sup>

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<sup>84</sup> “Trump sides with Russia against FBI at Helsinki summit,” *BBC News*, July 16, 2018, accessed March 1, 2019, <https://www.bbc.co.uk/news/world-europe-44852812>

<sup>85</sup> “Russia crude supply to China surges to record, Iran shipments sink: customs,” *Reuters*.

<sup>86</sup> Allison, Graham, “China and Russia: A Strategic Alliance in the Making,” *The National Interest*, December 14, 2018, accessed March 1, 2019, <https://nationalinterest.org/print/feature/china-and-russia-strategic-alliance-making-38727>

Rhetoric from Russian and Chinese officials has indicated a potential alliance, describing the countries' relationship as a "comprehensive strategic partnership" and the leaders as "best buddies."<sup>87</sup> Additionally, military cooperation and joint exercises have increased between the two nations. This year, 3,000 Chinese and 300,000 Russians participated in a single military exercise. Further, the countries vote together 98% on UN Security Council.<sup>88</sup> While there are deep-seeded challenges to this relationship due to historical mistrust, racial resentment, and economic inequality, a Russian-Chinese alliance could radically shift the power to the East in the new world order.

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<sup>87</sup> Ibid.

<sup>88</sup> Allison, Graham, "China and Russia: A Strategic Alliance in the Making," *The National Interest*.

## **Chapter 5: The Lack of Response to a Resurgent Russia**

Despite its economic challenges and bleak prospects, Russia is able to bend geopolitics to its will and wreak havoc on the Western powers. A careful analysis of Russia's stagnant economy indicates that the country should be humbled. However, Russia resurges and presents an aggressive challenge that the West is far from solving.

Traditional schools of thought explain Russia's geopolitical power as a combination of its energy dominance, devastating nuclear arsenal, and permanent position on the UN Security Council. While these factors justify part of Russia's outsized influence, they do not go far enough in explaining the resurgence of Russia now. The crucial variable that has changed is America's retreat from global leadership. American's retreat and the resulting multipolar world order enable Russia to reclaim prominence and pursue its perceived destiny of global greatness.

This resurgent Russia effectively leverages dimensions of its power to exploit the West and its near-abroad neighbors in pursuit of its own interests. Russia's strength is magnified by the unwillingness of the West to respond to bad behavior and the relative weakness of its neighbors. A modernized military and advanced hybrid and cyber capabilities reinforce Russia's clout and stifle Western responses to its aggressive acts. American abdication of leadership only amplifies the effectiveness of Russia's methods.

America's retreat and dismantling of the international framework have created a power vacuum that the Rest, led by ambitious states Russia and China, are eager to fill. As the world adapts to this new post-American led world order, it is clear that the West is uncertain of how to curb Russian bad behavior. There has been a breakdown in the Post-Cold War consensus on containing this ambitious, aggressive state. Western states agree



that Russian aggression poses significant threats to their national interests, regional peace, and broader international norms. Yet, there is little appetite to confront Russia directly.

Without a strong American voice that provides leadership to counter Russia's aggressive strategy, Western states have defaulted to timid foreign policies. The U.S. and EU have imposed sanctions for election interference, but Russia is still welcome in the international community. We still invite Russia to our summits. We still buy Russian oil. We still turn a blind eye to its aggression. We still go to the World Cup.

The West lacks a united, comprehensive strategy to contain Russia, and Mr. Putin's adventurism persists. Russia has shown that even with a feeble economy, it is willing to sacrifice its long-term growth and prosperity for short-term gains. Without America acting as a counter, Russia will continue to redefine the world order, rewrite international norms, and amass power in its sphere of influence. World leaders should expect, and not feign surprise, when Russia pursues its ambitions that run contrary to the interests of the Great Powers. In this new multipolar world, Russia is rising. The West needs an answer.

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